

QUARTERLY STATEMENT

OF THE

DELTA DENTAL PLAN

OF

ARKANSAS, INC.

of SHERWOOD

in the state of ARKANSAS

TO THE

Insurance Department

OF THE

STATE OF

FOR THE QUARTER ENDED

March 31, 2009

HEALTH

2009



HEALTH QUARTERLY STATEMENT

47155200920100110

AS OF MARCH 31, 2009
OF THE CONDITION AND AFFAIRS OF THE

Delta Dental Plan of Arkansas, Inc.

NAIC Group Code	0000	0000	NAIC Company Code	47155	Employer's ID Number	71-0561140																		
	(Current Period)	(Prior Period)																						
Organized under the Laws of	Arkansas			State of Domicile or Port of Entry																				
Country of Domicile	United States			Arkansas																				
Licensed as business type:	<table><tr><td>Life, Accident & Health</td><td>[]</td><td>Property/Casualty</td><td>[]</td><td>Hospital, Medical & Dental Service or Indemnity</td><td>[X]</td></tr><tr><td>Dental Service Corporation</td><td>[]</td><td>Vision Service Corporation</td><td>[]</td><td>Health Maintenance Organization</td><td>[]</td></tr><tr><td>Other</td><td>[]</td><td>Is HMO Federally Qualified?</td><td>Yes [] No []</td><td></td><td></td></tr></table>						Life, Accident & Health	[]	Property/Casualty	[]	Hospital, Medical & Dental Service or Indemnity	[X]	Dental Service Corporation	[]	Vision Service Corporation	[]	Health Maintenance Organization	[]	Other	[]	Is HMO Federally Qualified?	Yes [] No []		
Life, Accident & Health	[]	Property/Casualty	[]	Hospital, Medical & Dental Service or Indemnity	[X]																			
Dental Service Corporation	[]	Vision Service Corporation	[]	Health Maintenance Organization	[]																			
Other	[]	Is HMO Federally Qualified?	Yes [] No []																					
Incorporated/Organized:	March 15, 1982			Commenced Business:																				
Statutory Home Office:	1513 Country Club Road			August 1, 1982																				
	(Street and Number)			(City or Town, State and Zip Code)																				
Main Administrative Office:	1513 Country Club Road																							
	(Street and Number)																							
	Sherwood, AR 72120			501-835-3400																				
	(City or Town, State and Zip Code)			(Area Code) (Telephone Number)																				
Mail Address:	1513 Country Club Road			Sherwood, AR 72120																				
	(Street and Number or P.O. Box)			(City or Town, State and Zip Code)																				
Primary Location of Books and Records:	1513 Country Club Road			501-835-3400																				
	(Street and Number)			(Area Code) (Telephone Number)																				
Internet Website Address:	www.deltadentalar.com																							
Statutory Statement Contact:	Phyllis L. Rogers			501-992-1616																				
	(Name)			(Area Code) (Telephone Number) (Extension)																				
	progers@deltadentalar.com			501-992-1617																				
	(E-Mail Address)			(Fax Number)																				

OFFICERS

	Name	Title
1.	Eddie Allen Choate	President and CEO
2.	Byron Scott Southern	Secretary
3.	Susan Jane Fletcher Smith	Treasurer

VICE-PRESIDENTS

Name	Title	Name	Title
Ina Lynn Harbert	Senior Vice President and COO	Phyllis Lynn Rogers	Senior Vice President and CFO
Herman Eldon Hurd	Vice President of Provider Relations	Allen Dale Moore	Vice President of Information Technology
Timothy Wayne Carney	Senior Vice President of Sales and Marketi	James Durette Johnson	Senior Vice President of Business Developme

DIRECTORS OR TRUSTEES

Ronald Paul Ownbey	Harold Wayne Perrin	Robert Joe Matlock	Robert Howard Gladden
Ebb Weldon Johnson	James Talbert Johnston	Daniel Austin Lieblong	Byron Scott Southern
Paul David Fitzgerald	Susan Jane Fletcher Smith		

State of Arkansas
County of Pulaski ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature)	(Signature)	(Signature)
Eddie Choate	Byron Southern	Susan Jane Fletcher Smith
(Printed Name)	(Printed Name)	(Printed Name)
1.	2.	3.
President and CEO	Secretary	Treasurer
(Title)	(Title)	(Title)

Subscribed and sworn to before me this	a. Is this an original filing?	[X] Yes [] No
12 day of May, 2009	b. If no:	1. State the amendment number
		2. Date filed
		3. Number of pages attached

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	18,493,140		18,493,140	18,372,028
2. Stocks:				
2.1 Preferred stocks				
2.2 Common stocks	8,290,793	673,028	7,617,765	8,763,332
3. Mortgage loans on real estate:				
3.1 First liens				
3.2 Other than first liens				
4. Real estate:				
4.1 Properties occupied by the company (less \$ 0 encumbrances)	10,045,446		10,045,446	9,956,912
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)	36,807		36,807	36,807
5. Cash (\$ 5,381,821), cash equivalents (\$ 0), and short-term investments (\$ 196,357)	5,578,178		5,578,178	9,960,899
6. Contract loans (including \$ 0 premium notes)				
7. Other invested assets				
8. Receivables for securities				
9. Aggregate write-ins for invested assets				
10. Subtotals, cash and invested assets (Lines 1 to 9)	42,444,364	673,028	41,771,336	47,089,978
11. Title plants less \$ 0 charged off (for Title insurers only)				
12. Investment income due and accrued	200,446		200,446	191,739
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	462,478		462,478	216,897
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums)				
13.3 Accrued retrospective premiums				
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers				
14.2 Funds held by or deposited with reinsured companies				
14.3 Other amounts receivable under reinsurance contracts				
15. Amounts receivable relating to uninsured plans	10,673,374		10,673,374	7,952,894
16.1 Current federal and foreign income tax recoverable and interest thereon				
16.2 Net deferred tax asset				
17. Guaranty funds receivable or on deposit				
18. Electronic data processing equipment and software	3,778,193	2,181,086	1,597,107	1,360,396
19. Furniture and equipment, including health care delivery assets (\$ 0)	439,135	439,135		
20. Net adjustment in assets and liabilities due to foreign exchange rates				
21. Receivables from parent, subsidiaries and affiliates	1,514,852		1,514,852	1,060,124
22. Health care (\$ 0) and other amounts receivable				
23. Aggregate write-ins for other than invested assets	554,422	549,782	4,640	4,640
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	60,067,264	3,843,031	56,224,233	57,876,668
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Total (Lines 24 and 25)	60,067,264	3,843,031	56,224,233	57,876,668

DETAILS OF WRITE-IN LINES				
0901.	NONE			
0902.				
0903.				
0998. Summary of remaining write-ins for Line 09 from overflow page				
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)				
2301. Prepaid Expenses	549,782	549,782		
2302. Miscellaneous Receivables	4,640		4,640	4,640
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	554,422	549,782	4,640	4,640

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ 0 reinsurance ceded)	2,534,730		2,534,730	2,519,114
2. Accrued medical incentive pool and bonus amounts				
3. Unpaid claims adjustment expenses	89,595		89,595	95,137
4. Aggregate health policy reserves				
5. Aggregate life policy reserves				
6. Property/casualty unearned premium reserve				
7. Aggregate health claim reserves				
8. Premiums received in advance	1,749,423		1,749,423	1,274,988
9. General expenses due or accrued	1,042,510		1,042,510	1,608,555
10.1 Current federal and foreign income tax payable and interest thereon (including \$ 0 on realized gains (losses))				
10.2 Net deferred tax liability				
11. Ceded reinsurance premiums payable				
12. Amounts withheld or retained for the account of others	352,884		352,884	1,932,831
13. Remittances and items not allocated				
14. Borrowed money (including \$ 0 current) and interest thereon \$ 0 (including \$ 0 current)				
15. Amounts due to parent, subsidiaries and affiliates	2,366,395		2,366,395	2,139,297
16. Payable for securities				
17. Funds held under reinsurance treaties (with \$ 0 authorized reinsurers and \$ 0 unauthorized reinsurers)				
18. Reinsurance in unauthorized companies				
19. Net adjustments in assets and liabilities due to foreign exchange rates				
20. Liability for amounts held under uninsured plans	2,197,865		2,197,865	2,197,865
21. Aggregate write-ins for other liabilities (including \$ 0 current)				
22. Total liabilities (Lines 1 to 21)	10,333,402		10,333,402	11,767,787
23. Aggregate write-ins for special surplus funds	X X X	X X X		
24. Common capital stock	X X X	X X X		
25. Preferred capital stock	X X X	X X X		
26. Gross paid in and contributed surplus	X X X	X X X		
27. Surplus notes	X X X	X X X		
28. Aggregate write-ins for other than special surplus funds	X X X	X X X	50,000	50,000
29. Unassigned funds (surplus)	X X X	X X X	45,840,833	46,058,881
30. Less treasury stock, at cost:				
30.1 0 shares common (value included in Line 24 \$ 0)	X X X	X X X		
30.2 0 shares preferred (value included in Line 25 \$ 0)	X X X	X X X		
31. Total capital and surplus (Lines 23 to 29 minus Line 30)	X X X	X X X	45,890,833	46,108,881
32. Total liabilities, capital and surplus (Lines 22 and 31)	X X X	X X X	56,224,235	57,876,668

DETAILS OF WRITE-IN LINES				
2101.				
2102.				
2103.				
2198. Summary of remaining write-ins for Line 21 from overflow page				
2199. Totals (Lines 2101 through 2103 plus 2198) (Line 21 above)				
2301.	X X X	X X X		
2302.	X X X	X X X		
2303.	X X X	X X X		
2398. Summary of remaining write-ins for Line 23 from overflow page	X X X	X X X		
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	X X X	X X X		
2801. Surplus required by the Arkansas Insurance Department	X X X	X X X	50,000	50,000
2802.	X X X	X X X		
2803.	X X X	X X X		
2898. Summary of remaining write-ins for Line 28 from overflow page	X X X	X X X		
2899. Totals (Lines 2801 through 2803 plus 2898) (Line 28 above)	X X X	X X X	50,000	50,000

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year	Prior Year Ended
	To Date		To Date	December 31
	1	2	3	4
	Uncovered	Total	Total	Total
1. Member Months	X X X	435,854	405,493	1,682,828
2. Net premium income (including \$ 0 non-health premium income)	X X X	18,094,041	17,563,092	70,653,878
3. Change in unearned premium reserves and reserve for rate credits	X X X			
4. Fee-for-service (net of \$ 0 medical expenses)	X X X			
5. Risk revenue	X X X			
6. Aggregate write-ins for other health care related revenues	X X X			
7. Aggregate write-ins for other non-health revenues	X X X	195	5,434	167,069
8. Total revenues (Lines 2 to 7)	X X X	18,094,236	17,568,526	70,820,947
Hospital and Medical:				
9. Hospital/medical benefits		14,274,908	13,793,274	54,118,675
10. Other professional services				
11. Outside referrals				
12. Emergency room and out-of-area				
13. Prescription drugs				
14. Aggregate write-ins for other hospital and medical				
15. Incentive pool, withhold adjustments and bonus amounts				
16. Subtotal (Lines 9 to 15)		14,274,908	13,793,274	54,118,675
Less:				
17. Net reinsurance recoveries				
18. Total hospital and medical (Lines 16 minus 17)		14,274,908	13,793,274	54,118,675
19. Non-health claims (net)				
20. Claims adjustment expenses, including \$ 0 cost containment expenses		971,876	918,631	2,864,796
21. General administrative expenses		2,478,100	1,894,588	10,109,497
22. Increase in reserves for life and accident and health contracts (including \$ 0 increase in reserves for life only)				
23. Total underwriting deductions (Lines 18 through 22)		17,724,884	16,606,493	67,092,968
24. Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	369,352	962,033	3,727,979
25. Net investment income earned		725,445	516,896	3,008,643
26. Net realized capital gains (losses) less capital gains tax of \$ 0		20	(258,057)	(6,149,460)
27. Net investment gains (losses) (Lines 25 plus 26)		725,465	258,839	(3,140,817)
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ 0) (amount charged off \$ 0)]				
29. Aggregate write-ins for other income or expenses				
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	1,094,817	1,220,872	587,162
31. Federal and foreign income taxes incurred	X X X			
32. Net income (loss) (Lines 30 minus 31)	X X X	1,094,817	1,220,872	587,162

DETAILS OF WRITE-IN LINES				
0601.	X X X			
0602.	X X X			
0603.	X X X			
0698. Summary of remaining write-ins for Line 06 from overflow page	X X X			
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 06 above)	X X X			
0701. Miscellaneous Income	X X X	195	5,434	167,069
0702.	X X X			
0703.	X X X			
0798. Summary of remaining write-ins for Line 07 from overflow page	X X X			
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 07 above)	X X X	195	5,434	167,069
1401.				
1402.				
1403.				
1498. Summary of remaining write-ins for Line 14 from overflow page				
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)				
2901.				
2902.				
2903.				
2998. Summary of remaining write-ins for Line 29 from overflow page				
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)				

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1	2	3
	Current Year To Date	Prior Year To Date	Prior Year Ended December 31
CAPITAL & SURPLUS ACCOUNT			
33. Capital and surplus prior reporting year	46,108,881	42,123,735	42,123,735
34. Net income or (loss) from Line 32	1,094,817	1,220,872	587,162
35. Change in valuation basis of aggregate policy and claim reserves			
36. Change in net unrealized capital gains (losses) less capital gains tax of \$ 0	(1,276,315)	(1,057,370)	583,861
37. Change in net unrealized foreign exchange capital gain or (loss)			
38. Change in net deferred income tax			
39. Change in nonadmitted assets	(36,550)	623,068	2,268,718
40. Change in unauthorized reinsurance			
41. Change in treasury stock			
42. Change in surplus notes			
43. Cumulative effect of changes in accounting principles			
44. Capital Changes:			
44.1 Paid in			
44.2 Transferred from surplus (Stock Dividend)			
44.3 Transferred to surplus			
45. Surplus adjustments:			
45.1 Paid in			
45.2 Transferred to capital (Stock Dividend)			
45.3 Transferred from capital			
46. Dividends to stockholders			
47. Aggregate write-ins for gains or (losses) in surplus			545,405
48. Net change in capital and surplus (Lines 34 to 47)	(218,048)	786,570	3,985,146
49. Capital and surplus end of reporting period (Line 33 plus 48)	45,890,833	42,910,305	46,108,881

DETAILS OF WRITE-IN LINES			
4701. Delta Dental of AR Foundation Ending Balance - Non-admitted - Invest in Sub with \$0 Basis			545,405
4702.			
4703.			
4798. Summary of remaining write-ins for Line 47 from overflow page			
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)			545,405

CASH FLOW

	1	2
Cash from Operations	Current Year To Date	Prior Year Ended December 31
1. Premiums collected net of reinsurance	18,322,766	70,793,521
2. Net investment income		1,697,676
3. Miscellaneous income	5,434	167,069
4. Total (Lines 1 to 3)	18,328,200	72,658,266
5. Benefit and loss related payments	14,259,292	53,767,132
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	8,192,295	11,601,836
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)		
10. Total (Lines 5 through 9)	22,451,587	65,368,968
11. Net cash from operations (Line 4 minus Line 10)	(4,123,387)	7,289,298
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	550,000	10,322,709
12.2 Stocks		15,152,302
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains (or losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds		
12.8 Total investment proceeds (Lines 12.1 to 12.7)	550,000	25,475,011
13. Cost of investments acquired (long-term only):		
13.1 Bonds	673,519	11,021,342
13.2 Stocks		16,678,181
13.3 Mortgage loans		
13.4 Real estate	135,813	3,568,554
13.5 Other invested assets		
13.6 Miscellaneous applications		
13.7 Total investments acquired (Lines 13.1 to 13.6)	809,332	31,268,077
14. Net increase (or decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(259,332)	(5,793,066)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)		
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)		
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(4,382,719)	1,496,232
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	9,960,899	8,464,667
19.2 End of period (Line 18 plus Line 19.1)	5,578,180	9,960,899

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0001		
20.0002		
20.0003		

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10
		2	3							
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
Total Members at end of:										
1. Prior Year	1,682,828				69,841	1,612,987				
2. First Quarter	147,257				9,458	137,799				
3. Second Quarter										
4. Third Quarter										
5. Current Year										
6. Current Year Member Months	435,854				27,172	408,682				
Total Member Ambulatory Encounters for Period:										
7. Physician										
8. Non-Physician										
9. Totals										
10. Hospital Patient Days Incurred										
11. Number of Inpatient Admissions										
12. Health Premiums Written (a)	18,322,766				355,325	17,967,441				
13. Life Premiums Direct										
14. Property/Casualty Premiums Written	18,094,041				333,920	17,760,121				
15. Health Premiums Earned										
16. Property/Casualty Premiums Earned										
17. Amount Paid for Provision of Health Care Services										
18. Amount Incurred for Provision of Health Care Services	14,274,908				206,846	14,068,062				

(a) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$ 0

CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)

Aging Analysis of Unpaid Claims

[illegible]

UNDERWRITING AND INVESTMENT EXHIBIT
ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability Dec. 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid Dec. 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical)						
2. Medicare Supplement						
3. Dental only	1,728,938	12,362,204	304,126	2,151,907	2,033,064	2,479,114
4. Vision only	34,309	133,841	14,663	64,033	48,972	40,000
5. Federal Employees Health Benefits Plan						
6. Title XVIII - Medicare						
7. Title XIX - Medicaid						
8. Other health						
9. Health subtotal (Lines 1 to 8)	1,763,247	12,496,045	318,789	2,215,940	2,082,036	2,519,114
10. Health care receivables (a)						
11. Other non-health						
12. Medical incentive pools and bonus amounts						
13. Totals	1,763,247	12,496,045	318,789	2,215,940	2,082,036	2,519,114

(a) Excludes \$ loans or advances to providers not yet expensed.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. No Change
- b. No Change
- c. (1) No Change
- (2) No Change
- (3) No Change
- (4) No Change
- (5) No Change
- (6) No Change
- (7) No Change
- d. No Change

NOTE 2 - ACCOUNTING CHANGES AND CORRECTIONS OF ERRORS

No Change

NOTE 3 - BUSINESS COMBINATIONS AND GOODWILL

No Change

NOTE 4 - DISCONTINUED OPERATIONS

No Change

NOTE 5 - INVESTMENTS

No Change

NOTE 6 - JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

No Change

NOTE 7 - INVESTMENT INCOME

No Change

NOTE 8 - DERIVATIVE INSTRUMENTS

No Change

NOTE 9 - INCOME TAXES

No Change

NOTE 10 - INFORMATION CONCERNING PARENT, SUBSIDIARIES AND AFFILIATES

No Change

NOTE 11 - DEBT

No Change

NOTE 12 - RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSESNES AND OTHER POSTRETIREMENT BENEFIT PLANS

No Change

NOTE 13 - CAPITAL AND SURPLUS, SHAREHOLDERS' DIVIDEND RESTRICTIONS AND QUASI-REORGANIZATIONS

No Change

NOTES TO FINANCIAL STATEMENTS

NOTE 14 CONTINGENCIES

No Change

NOTE 15 - LEASES

No Change

NOTE 16 - INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK

No Change

NOTE 17 - SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENT OF LIABILITIES

No Change

NOTE 18 - GAIN OR LOSS TO THE REPORTING ENTITY FROM UNINSURED PLANS AND FROM THE UNINSURED PORTION OF PARTIALLY INSURED PLANS

- b. The gain from operations from Administrative Services Contract (ASC) uninsured plans and the uninsured portion of partially insured plans were as follows for the three months ended March 31, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
(a) Gross reimbursement for medical costs incurred	\$ 64,226,261	\$ 58,301,177
(b) Gross Administrative fees accrued	3,520,595	3,377,320
(c) Other income and expenses	(67,746,856)	(61,678,497)
(d) Total net gain or loss from operations	-	-
(e) Total net Gain or loss from operations	<u>\$ -</u>	<u>\$ -</u>

NOTE 19 - DIRECT PREMIUMS WRITTEN OR PRODUCED BY MANAGING GENERAL AGENTS OR THIRD PARTY ADMINISTRATORS

No Change

NOTE 20 - OTHER ITEMS

No Change

NOTE 21 - EVENTS SUBSEQUENT

No Change

NOTE 22 - REINSURANCE

No Change

NOTE 23 - RETROSPECTIVELY RATED CONTRACTS AND CONTRACTS SUBJECT TO REDETERMINATION

No Change

NOTE 24 - CHANGE IN INCURRED CLAIMS AND CLAIMS ADJUSTMENT EXPENSES

No Change

NOTE 25 - INTERCOMPANY POOLING ARRANGEMENTS

No Change

NOTE 26 - STRUCTURED SETTLEMENTS

NOTES TO FINANCIAL STATEMENTS

No Change

NOTE 27 - HEALTH CARE RECEIVABLES

No Change

NOTE 28 - PARTICIPATING POLICIES

No Change

NOTE 29 - PREMIUM DEFICIENCY RESERVES

No Change

NOTE 30 - ANTICIPATED SALVAGE AND SUBROGATION

No Change

NOTE 31 - ORGANIZATION AND OPERATION

No Change

NOTE 32 - MINIMUM NET WORTH

No Change

NOTE 33 - PROPERTYAND EQUIPMENT

No Change

GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since prior year end unless otherwise noted)

PART 1 – COMMON INTERROGATORIES

GENERAL

1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act?

Yes [] No [X]

1.2 If yes, has the report been filed with the domiciliary state?

Yes [] No []

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes [] No [X]

2.2 If yes, date of change:

3. Have there been any substantial changes in the organizational chart since the prior quarter end?
If yes, complete the Schedule Y – Part 1 – organizational chart.

Yes [] No [X]

4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes [] No [X]

4.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved?
If yes, attach an explanation.

Yes [] No [X] N/A []

6.1 State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2007

6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

09/19/2005

6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

09/19/2005

6.4 By what department or departments?
Arkansas Insurance Department

6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments?

Yes [X] No [] N/A []

6.6 Have all of the recommendations within the latest financial examination report been complied with?

Yes [X] No [] N/A []

7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes [] No [X]

7.2 If yes, give full information

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes [] No [X]

GENERAL INTERROGATORIES

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

.....

.....

.....

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No [X]

8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC
.....
.....

9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

(c) Compliance with applicable governmental laws, rules, and regulations;

(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

(e) Accountability for adherence to the code.

Yes [X] No []

9.11 If the response to 9.1 is No, please explain:

.....

.....

.....

9.2 Has the code of ethics for senior managers been amended? Yes [] No [X]

9.21 If the response to 9.2 is Yes, provide information related to amendment(s).

.....

.....

.....

9.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]

9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

.....

.....

.....

FINANCIAL

10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No []

10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ 1,514,852

INVESTMENT

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes [] No [X]

11.2 If yes, give full and complete information relating thereto:

.....

.....

.....

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: \$

GENERAL INTERROGATORIES

13. Amount of real estate and mortgages held in short-term investments: \$

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes [X] No []

14.2 If yes, please complete the following:	1	2
	Prior Year-End Book/Adjusted Carrying Value	Current Quarter Book/Adjusted Carrying Value
14.21 Bonds	\$	\$
14.22 Preferred Stock	\$	\$
14.23 Common Stock	\$ 837,659	\$ 786,619
14.24 Short-Term Investments	\$	\$
14.25 Mortgage Loans on Real Estate	\$	\$
14.26 All Other	\$	\$
14.27 Total Investment in Parent, Subsidiaries and Affiliates		
(Subtotal Lines 14.21 to 14.26)	\$ 837,659	\$ 786,619
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above	\$	\$

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes [] No [X]

15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No []
If no, attach a description with this statement.

16. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 3, III Conducting Examinations, F – Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No []

16.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian Address
Stephens Capital Management	111 Center Streeet, Little Rock, AR 72201

16.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter? Yes [] No [X]

16.4 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

GENERAL INTERROGATORIES

16.5 Identify all investment advisors, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address
185569879 / 80024403	Stephens Capital Management	111 Center Street, Little Rock, AR 72201
184362370 / 18428499	Stephens Capital Management	111 Center Street, Little Rock, AR 72201

17.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?

Yes ☒ No ☐

17.2 If no, list exceptions:
.....
.....
.....

SCHEDULE S - CEDED REINSURANCE

Showing All New Reinsurance Treaties - Current Year to Date

1	2	3	4	5	6	7
NAIC Company Cod	Federal ID Number	Effective Date	Name of Reinsurer	Location	Type of Reinsurance Ceded	Is Insurer Authorized? (Yes or No)
			NONE			

SCHEDULE T - PREMIUMS AND ANNUITY CONSIDERATIONS
Current Year To Date - Allocated by States and Territories

		1	Direct Business Only							
			2	3	4	5	6	7	8	9
States, Etc.		Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Ttle XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums & Other Considerations	Property / Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1. Alabama	AL	N								
2. Alaska	AK	N								
3. Arizona	AZ	N								
4. Arkansas	AR	L	18,322,766						18,322,766	
5. California	CA	N								
6. Colorado	CO	N								
7. Connecticut	CT	N								
8. Delaware	DE	N								
9. District of Columbia	DC	N								
10. Florida	FL	N								
11. Georgia	GA	N								
12. Hawaii	HI	N								
13. Idaho	ID	N								
14. Illinois	IL	N								
15. Indiana	IN	N								
16. Iowa	IA	N								
17. Kansas	KS	N								
18. Kentucky	KY	N								
19. Louisiana	LA	N								
20. Maine	ME	N								
21. Maryland	MD	N								
22. Massachusetts	MA	N								
23. Michigan	MI	N								
24. Minnesota	MN	N								
25. Mississippi	MS	N								
26. Missouri	MO	N								
27. Montana	MT	N								
28. Nebraska	NE	N								
29. Nevada	NV	N								
30. New Hampshire	NH	N								
31. New Jersey	NJ	N								
32. New Mexico	NM	N								
33. New York	NY	N								
34. North Carolina	NC	N								
35. North Dakota	ND	N								
36. Ohio	OH	N								
37. Oklahoma	OK	N								
38. Oregon	OR	N								
39. Pennsylvania	PA	N								
40. Rhode Island	RI	N								
41. South Carolina	SC	N								
42. South Dakota	SD	N								
43. Tennessee	TN	N								
44. Texas	TX	N								
45. Utah	UT	N								
46. Vermont	VT	N								
47. Virginia	VA	N								
48. Washington	WA	N								
49. West Virginia	WV	N								
50. Wisconsin	WI	N								
51. Wyoming	WY	N								
52. American Samoa	AS	N								
53. Guam	GU	N								
54. Puerto Rico	PR	N								
55. U.S. Virgin Islands	VI	N								
56. Northern Mariana Islands	MP	N								
57. Canada	CN	N								
58. Aggregate other alien	OT	X X X								
59. Subtotal		X X X	18,322,766						18,322,766	
60. Reporting entity contributions for Employee Benefit Plans		X X X								
61. Totals (Direct Business)		(a) 1	18,322,766						18,322,766	

DETAILS OF WRITE-INS									
5801		X X X							
5802		X X X							
5803		X X X							
5898	Summary of remaining write-ins for Line 58	X X X							
5899	Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	X X X							

(a) Insert the number of L responses except for Canada and Other Alien.

NONE Schedule Y - Part 1

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

	<u>Response</u>
1. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?	<u>NO</u>



OVERFLOW PAGE FOR WRITE-INS

SCHEDULE A - VERIFICATION
Real Estate

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	9,993,719	6,580,509
2. Cost of acquired:		
2.1 Actual cost at time of acquisition	135,814	3,568,554
2.2 Additional investment made after acquisition		
3. Current year change in encumbrances		
4. Total gain (loss) on disposals		
5. Deduct amounts received on disposals		
6. Total foreign exchange change in book/adjusted carrying value		
7. Deduct current year's other than temporary impairment recognized		
8. Deduct current year's depreciation	47,280	155,344
9. Book/adjusted carrying value at the end of current period (Lines 1 + 2 + 3 + 4 - 5 + 6 - 7 - 8)	10,082,253	9,993,719
10. Deduct total nonadmitted amounts		
11. Statement value at end of current period (Line 9 minus Line 10)	10,082,253	9,993,719

SCHEDULE B - VERIFICATION
Mortgage Loans

	1 Year To Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals		
8. Deduct amortization of premium and mortgage interest points and commitment fees		
9. Total foreign exchange change in book value/recorded investment excluding accrued interest		
10. Deduct current year's other than temporary impairment recognized		
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 - 7 - 8 + 9 - 10)		
12. Total valuation allowance		
13. Subtotal (Line 11 plus Line 12)		
14. Deduct total nonadmitted amounts		
15. Statement value at end of current period (Line 13 minus Line 14)		

NONE

SCHEDULE BA - VERIFICATION
Other Long-Term Invested Assets

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals		
8. Deduct amortization of premium and depreciation		
9. Total foreign exchange change in book/adjusted carrying value		
10. Deduct current year's other than temporary impairment recognized		
11. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 - 7 - 8 + 9 - 10)		
12. Deduct total nonadmitted amounts		
13. Statement value at end of current period (Line 11 minus Line 12)		

NONE

SCHEDULE D - VERIFICATION
Bonds and Stocks

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	27,939,138	31,244,976
2. Cost of bonds and stocks acquired	673,519	27,699,523
3. Accrual of discount	9,148	35,249
4. Unrealized valuation increase (decrease)	(1,276,317)	583,861
5. Total gain (loss) on disposals		(3,606,044)
6. Deduct consideration for bonds and stocks disposed of	550,000	25,475,011
7. Deduct amortization of premium	11,555	
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		2,543,416
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)	26,783,933	27,939,138
11. Deduct total nonadmitted amounts	673,028	803,778
12. Statement value at end of current period (Line 10 minus Line 11)	26,110,905	27,135,360

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a)	18,372,028	673,519	550,000	(2,407)	18,493,140			18,372,028
2. Class 2 (a)								
3. Class 3 (a)								
4. Class 4 (a)								
5. Class 5 (a)								
6. Class 6 (a)								
7. Total Bonds	18,372,028	673,519	550,000	(2,407)	18,493,140			18,372,028
PREFERRED STOCK								
8. Class 1								
9. Class 2								
10. Class 3								
11. Class 4								
12. Class 5								
13. Class 6								
14. Total Preferred Stock								
15. Total Bonds & Preferred Stock	18,372,028	673,519	550,000	(2,407)	18,493,140			18,372,028

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated, short-term and cash-equivalent bonds by NAIC designation:

NAIC 1 \$ 0; NAIC 2 \$ 0; NAIC 3 \$ 0; NAIC 4 \$ 0; NAIC 5 \$ 0; NAIC 6 \$ 0

SCHEDULE DA - PART 1
Short-Term Investments

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
9199999	196,357	X X X	196,357		

SCHEDULE DA - VERIFICATION
Short-Term Investments

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year		
2. Cost of short-term investments acquired	838,923	
3. Accrual of discount		
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals		
6. Deduct consideration received on disposals	642,566	
7. Deduct amortization of premium		
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)	196,357	
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	196,357	

NONE Schedule DB - Part F - Section 1

NONE Schedule DB - Part F - Section 2

SCHEDULE E - VERIFICATION

(Cash Equivalents)

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year		
2. Cost of cash equivalents acquired		
3. Accrual of discount		
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals		
6. Deduct consideration received on disposals		
7. Deduct amortization of premium		
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)		
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)		

NONE

SCHEDULE A - PART 2

Showing All Real Estate ACQUIRED and Additions Made During the Current Quarter

1 Description of Property	Location		4 Date Acquired	5 Name of Vendor	6 Actual Cost at Time of Acquisition	7 Amount of Encumbrances	8 Book/Adjusted Carrying Value Less Encumbrances	9 Additional Investment Made After Acquisition
	2 City	3 State						
LR Port Indust. Park, Tract B-4 Area102 - Omega Building Improvements	Little Rock	AR	03/31/2009	Baldwin&Shell & Various Vendors	135,814		135,814	
0199999 Acquired by Purchase					135,814		135,814	
0399999 Totals					135,814		135,814	

E01

SCHEDULE A - PART 3

Showing All Real Estate DISPOSED During the Quarter, Including Payments During the Final Year on "Sales Under Contract"

[illegible]

NONE Schedule B - Part 2 and 3

NONE Schedule BA - Part 2 and 3

NONE Schedule DB - Part A and B - Section 1

NONE Schedule DB - Part C and D - Section 1

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

[illegible]

NONE Schedule E - Part 2